

WHAT IS IT?

Currently Medicaid eligibility is done by both the Health Department and the Department of Workforce Services (DWS). This Medicaid Interim Committee proposal would put all eligibility workers under DWS management except for a small core of policy and quality control workers that would stay with Health.

WHAT WILL IT ACCOMPLISH?

- ◆ A single stop shop will reduce confusion, time and effort that comes from two agencies administering one program.
- ◆ It will eliminate case “churning” where clients are forced to move from agency to agency because of the client’s changing circumstances.
- ◆ eREP, the new eligibility software that is being prepared for Medicaid and other DWS programs will be easier to implement, train for, and manage under one agency.
- ◆ Over time, long-term personnel efficiencies are likely, primarily through cost avoidance. DWS estimates that, over the next three or four years, efficiencies to be produced as a result of the eRep implementation may avoid hiring up to 80 FTE, currently vacant positions, saving \$3.5-4.0 million and avoid adding a significant number of new hires.
- ◆ Lease savings as a result of eliminating duplicate office space will total \$310,200 over the next four years.

cost of \$176,000 in General Fund.

DWS plans to reallocate more than \$1.7 million of resources within the Department to effect this integration of systems.

The Health Department will transfer more than \$17 million and more than 250 FTE to DWS. The Department anticipates that it may have to use Medicaid Restricted funds to cover one-time costs of \$565,300 in lost indirect federal funding. They will seek accommodation with the federal Medicaid agency that may completely or partially reduce this amount.

HOW MUCH WILL IT COST?The Executive Branch has committed to implementing the consolidation with no new State funds. There will be some expenses involved but the agencies are committed to generating cost saving measures that will keep total State funding costs netted to zero, with the following exceptions:

A major initial funding challenge is the salary equity problems associated with merging the two staffs. (They are paid on different scales.) The Department is depending on the funding of a 2.5 percent compensation adjustment to cover this issue, at a

HOW CAN THE LEGISLATURE IMPLEMENT THE CHANGES?

If the recommendation to consolidate Eligibility Services is approved, the Analyst will prepare and present a single Issue Brief to both Health & Human Services and Commerce & Workforce Services Appropriation Subcommittees detailing the funding, FTE, office space, and vehicles that will be transferred from Health to DWS. If both committees and the Executive Appropriations Committee approve the transfer, it will take place in an appropriation bill during the General Session.

WHEN WILL THE CHANGE BE

EFFECTIVE?The bill will be effective at the beginning of the fiscal year, July 1, 2007. DWS believes that it will need as big a head start as it can get for training and retraining. If the Governor

wishes to start early, the changes could be accomplished by Executive Order.

POTENTIAL LEGISLATIVE ACTIONThe

Medicaid Interim Committee must first approve the recommendation to consolidate the Eligibility Services of the Health Department and Workforce Services. The MIC could then:

- Pass a resolution urging the appropriations subcommittees to support the consolidation of the Medicaid eligibility systems; or
- Do the same by a letter from the chairs.